

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

committee outlining steps to be taken by the various governmental and political units in the Northeast to aid in the formulation of the plan. The text of the announcement follows:

1. Inclusions in the draft 3-year economic reconstruction plan shall be transmitted to the Northeast People's government and the People's Economic Planning Committee by the various ministries and bureaus by 10 July 1950 [sic].
2. A general report on results of the 1950 plan for the first half of the year shall be forwarded to the government and the committee by the various ministries, bureaus, provinces, and municipalities by 15 July 1950. The report shall include each item in the plan with the exception of industrial costs and labor efficiency.
3. By 20 July 1950, the government and committee shall issue to each ministry, bureau, province, and municipality a copy of the various items comprising the 1951 plan, including policy directive, preliminary goals, price adjustments, standardized norms and a schedule for national [kuo-chia] meaning "national," ordinarily used to apply to all China, was evidently used here to apply only to the Northeast/ goods allocation.
4. Each ministry, bureau, province, and municipality shall transmit a preliminary draft of its 1951 plan to the government and committee, prior to 15 September 1950.

DIRECTS INDUSTRY DUTIES FOR THIRD QUARTER -- Mukden Tung-pei Jih-pao, 3 Jul 50

The Northeast Ministry of Industry has issued a directive concerning the duties of Northeast industry for the third quarter of 1950, the main points of which are as follows:

1. Basic Reconstruction

The main effort shall be directed toward thoroughly implementing the economic estimates system and the various responsibility systems. In the second quarter, activities pursuant to basic reconstruction were thoroughly unsatisfactory, marked by noncompletion of planned goals, low quality of engineering activities, large-scale waste, and general disregard of responsibilities. Basic improvement must be shown in the third quarter. Administrative agencies in charge of basic reconstruction shall concentrate on education in the economic estimates system, and strengthen responsibility and work inspection systems. Supervisors on the various levels must promote political agitation and raise the spirit of initiative and creativeness of the worker masses.

2. 1951 Plan

Formulation of the 1951 production reconstruction plan shall be based on 1950 experiences.

3. Strengthening of Responsibility Systems

Aside from basic reconstruction, the quality of industrial products was greatly improved in the second quarter, but is still below requirements. It will be necessary to improve the quality responsibility system, the skilled labor responsibility system and also the safety responsibility system.

4. Establishment and Strengthening of Cost-Accounting System

This activity will be one of the most important in the third quarter because of its connection with the improvement of financial controls and implementation of the economic estimates system. Experience in 1950 shows that without a proper cost-accounting system many malfunctions occur, such as unreliable

- 2 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

statistics, confusion in the handling of industrial materials, and tardiness and inconsistency in accounting records, which severely affect financial administration. In the third quarter, each factory and mine shall be required to render a monthly account, accurately and on time, of costs and prices, as well as to prepare individually a financial report and balance of accounts for production and reconstruction.

5. Uniting Skilled Workers

A skilled labor responsibility system shall be established in accordance with a directive of the Northeast Bureau of the CCP issued on 18 April 1950. This system will afford skilled workers clear and definite job responsibilities, arousing their spirit of initiative and the feeling of cooperative/ national ownership, eliminate discrimination against skilled workers by many administrative cadres, aid the progress of skilled workers, and improve the cooperation of cadres, laborers, and skilled workers.

PLANS FUTURE ECONOMIC ACTIVITIES -- Mukden Tung-pei Jih-pao, 3 Jul 50

The second session of the Finance and Economics Committee of the Government Administration Council, Central People's government, was held 26 - 29 June 1950. The committee discussed reports on 1950 activities by its various subordinate units and approved a work plan for the second half of 1951, proposed by Po I-po and consisting of four main categories:

1. Consolidation of centralized control over national finance and economics activities, and continuation of activities attendant on balancing the budget and price stabilization.
2. Continuation of the readjustment of industry and commerce. A number of special conferences will be called to solve production and marketing problems of public and private enterprise.
3. Formulation of a five-year (1951-55) national economic rehabilitation and reconstruction plan, and of the plan for 1951.
4. Formulation of a draft budget for 1951.

- E N D -

- 3 -

CONFIDENTIAL

CONFIDENTIAL